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FISCAL IMPACT REPORT

SPONSOR Harden DATE TYPED 2/18/2004 HB _____

SHORT TITLE State Game Commission Bonding Authority SB 379/aSFL#1

ANALYST Aguilar

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
	Indeterminate	Indeterminate	Non-recurring	Game and Fish Bond Interest and Retirement Fund

(Parenthesis () Indicate Revenue Decreases)

Duplicates HB181

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Game and Fish (DGF)

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of SFl Amendment

Senate Floor Amendment #1 to Senate Bill 379 provides for legislative approval of bond amounts and purposes as provided by the state game commission and removes an annual reporting requirement

Significant Issues

In addition to board of finance approval, the Amendment adds legislative approval of bond amounts and stated purposes as a requirement for the issuance of bonds for capital outlay projects.

The Amendment also removes the requirement that the state game commission report annually to the legislature any bonds issued and the purposes for the bond issue.

Synopsis of Original Bill

The bill amends the Game and Fish Bond Act, Sections 17-1-16 through 17-1-25 NMSA 1978. Specifically the bill amends Sections 17-1-16, 17-1-18, and 17-1-22 and provides for two changes to current law. This legislation amends current statute which requires legislative authorization each time the department requests approval to incur debt through the issuance of bonds. This bill would provide for a maximum amount of debt on a revolving basis. The current limit in statute is \$2 million. This bill would increase that limit to \$5 million. Any debt financed by bonds issued under the authority of this act would be contingent upon demonstrating a sufficient revenue stream to meet interest and bond retirement obligations. This bill would also give the State Game Commission authority to designate income derived from real property owned by the Commission to be placed into the Bond Interest and Retirement Fund.

Significant Issues

The current statute requires reauthorization by the legislature each time that the Department borrows money by issuing bonds; this bill would amend this requirement.

\$2 million of authority was granted in Chapter 52 of the Laws of 1976. This authority was utilized in 1980-1981 to issue bonds whose proceeds were used to finance a renovation of Lake Roberts in Grant County. The Department has requested clarification from the Office of the Attorney General on whether another bond issuance could occur under the current statutory permission contained in §17-1-18. The AG's reply was that the authority provided in the 1976 amendment was exhausted when bonds were issued in the early 1980's and that additional authority would be required for any future bond issues.

Any debt financed by bonds issued under the authority of this Act would be contingent upon demonstrating a sufficient revenue stream to meet interest and bond retirement obligations. In addition to legislative approval, the department's ability to incur debt would still also be dependent on receiving approval from the State Game Commission and the State Board of Finance.

DGF has implemented performance measures which deal with angler opportunity and success as well as annual output of fish from the department's hatchery. This bill would give the department increased bonding capacity which may allow for an increase in these targets by using these funds to increase and improve the size of their facilities.

The Department indicates there are no current plans for bond issues utilizing the Game and Fish Bond Act.

FISCAL IMPLICATIONS

The bill does not change the amount or sources of funding into the Bond Interest and Retirement Fund, only the process for borrowing funds by incurring debt.

The Game and Fish Interest Retirement Fund is funded by collection of \$1 from ten specific license fees. Currently the cash balance in the Fund is approximately \$733.3 thousand with \$340 thousand pledged to current ongoing projects.

The Department of Game and Fish has stated that the current income into the fund is approximately \$225 thousand per year.

OTHER SUBSTANTIVE ISSUES

The balance in the Bond Interest Retirement Fund is typically made available for use in emergency situations at any of the department's hatcheries or facilities. If the agency pledges all revenue to paying off new bonds, it will have no ability to handle emergency situations (i.e. outbreaks of whirling disease).

This bill would not change the requirement that all sales of bonds require Board of Finance approval.

PA/lg:dm